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## THE CHIEF PROBLEM OF THE FARM MANAGER.

A radio talk by Mr. H. M. Dixon, extension economist, Extension Service, on the noonhour program, through Station WRC and 17 other stations associated with the National Broadcasting Company, at 1:30 p.m., Eastern Standard Time, Thursday, June 20, 1929.

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It is said about business -- that more and more business is beginning by finding out not what can be made then trying to sell it, but by finding out what can be sold and then trying to make it. It can also be said of farming that more and more farmers are making careful study and analysis of their individual farm businesses to locate the strong and weak points, and with this they relate the available economic facts regarding the agricultural outlook as a basis of each future year's operations.

The chief problem of the farmer in managing his farm is that of having at hand the kind of facts and information that will be of the greatest help in planning and operating his business. The aim of every successful farmer is to make his management represent his best thought. To do this he must first think his problems through clearly. On many farms this can best be accomplished through the keeping of records to enable a careful analysis of the business each year.

Perhaps the best reason for the increased interest of farmers in more study and analysis of their business is caused by the fact that in every area and for every year some farmers make considerably more money than others. The accounts show the reasons for this. An analysis of 450 records in Iowa for 1928 showed that the labor and management wage of one-fourth of these farmers with the highest incomes was \$2,984, while for the lowest one-fourth it was -- \$50. This shows a difference of over \$3,000 between the two groups. Although these differences between the high and low income groups do vary with different areas, some farmers in all areas have an opportunity in this direction.

The more careful analysis and interpretation of accounts has enabled many farmers to learn why these differences occur on different farms, to learn more definitely where they can most readily increase the efficiency of their farm business and how other farmers have more successfully conducted that part of the farm work.

Let us now consider more definitely the reasons back of these wide differences in incomes, keeping in mind that a good organization of the entire farm business is the first essential to success. Briefly, a study of the reasons showed that the amount and kinds of crops grown, the crop yields, the amount and efficiency of livestock, the costs of power, machinery, man labor, and other expenses, and the price of farm products were the major factors that accounted for most of this wide spread in income.

An analysis of the records kept by farmers in central Illinois showed that the high group was making about \$3,000 greater net earnings than the low group. What accounted for this difference in earnings? Crop yields accounted

for \$831 of the difference. The amount of livestock \$657. The efficiency in feeding livestock \$557. The kinds of crops grown \$304. Those were the big things. The price of grain accounted for \$280. The cost of power and machinery \$216. The rest of this \$3,000 difference in net earnings was accounted for in the difference in cost of man labor and other items. The relative importance of these different factors varies in different areas. Farmers in all areas need the facts from their own farms in order to make their management count in terms of dollars.

Some farmers have found out through the study of accounts that they had an opportunity of increasing their incomes by more than \$500 by changing varieties of seed. In the Corn Belt, for instance, some increased their incomes \$200 over others by testing seed corn for disease. Still others materially increase their income by devoting more acreage to crops that give the higher return for land, labor, power, and machinery.

The livestock farmer, in order to get a high return for feed fed, uses the best types of breeding stock, follows proved sanitation plans, and purchases feeds to properly balance home-grown feeds. He also studies prices, market conditions, and outlook information as a guide to increasing or decreasing the enterprise.

In order to make good use of man labor, accounts showed the importance of adopting crop and livestock systems that will tend to make the best use of the supply of labor available. To plan ahead and to arrange buildings and field layouts to save time.

In connection with farm expenditures, it was found important to practice thrift and keep expenses low in proportion to receipts.

This brief analysis shows some of the ways in which farm managers have been able to improve their income through accounts well kept and analyzed. An inventory taken at the beginning of the year, together with a record of receipts and expenses as they occur during the year, furnish facts that, well analyzed, are the best means so far found to set before the farmers in a clear-cut way the problems and to indicate the lines of change needed. Studies in Illinois have shown that the farmers who have kept and made use of accounts have received on the average a net return of about 2 per cent more on their investment than the average of those who did not. With a \$50,000 investment, this means a \$1,000 additional income. The farm-account keepers also realize that farm accounts have more value the longer they are kept.

In the last analysis, success is determined by what a farmer does rather than by what he thinks. He knows that good crops or good livestock are the more profitable. But unless he really knows how his business compares with others and does something about it, his income or his standing is not changed.

Information regarding farm accounting and farm-business analysis can be obtained from your local county agent or from your State college of agriculture.